



February 20, 2007

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## HOUSE BILL No. 1835

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DIGEST OF HB 1835 (Updated February 20, 2007 10:49 am - DI 114)

**Citations Affected:** IC 4-31; IC 4-33; IC 4-35; IC 6-8.1; IC 7.1-3; IC 7.1-5; IC 35-45; noncode.

**Synopsis:** Race tracks. Requires 160 live racing days each year. Authorizes slot machines at racetracks. Imposes an initial license fee of \$75,000,000. Limits a permit holder who offers slot machines to the number of satellite facility licenses issued to the permit holder before January 1, 2007. Requires a racetrack to annually devote at least 15% of the adjusted gross receipts from slot machine wagering at the racetrack to horse racing purses. Imposes a wagering tax of 32% on the first \$150,000,000 of a licensee's adjusted gross receipts from slot machine wagering and 37.5% on the licensee's adjusted gross receipts that exceed \$150,000,000. Reduces the supplemental distribution paid to the horse racing commission in state fiscal years ending before July 1, 2009, and eliminates the supplemental distribution after June 30, 2009. Allows a slot machine facility to be licensed under the alcoholic beverage laws under the same conditions as a riverboat. Provides for revenue sharing. Provides requirements for contracting with minority and women's business enterprises.

**Effective:** Upon passage; July 1, 2007.

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### Van Haaften

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January 17, 2007, read first time and referred to Committee on Rules and Legislative Procedures.

February 1, 2007, reassigned to Committee on Public Policy.

February 15, 2007, amended, reported — Do Pass. Recommitted to Committee on Ways and Means.

February 20, 2007, amended, reported — Do Pass.

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HB 1835—LS 6529/DI 44+



February 20, 2007

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

## HOUSE BILL No. 1835

A BILL FOR AN ACT to amend the Indiana Code concerning gaming and to make an appropriation.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 4-31-2-10.5 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE  
3 UPON PASSAGE]: **Sec. 10.5. "Live racing day" means a day on**  
4 **which at least eight (8) live horse races are conducted.**
- 5 SECTION 2. IC 4-31-2-20.7 IS ADDED TO THE INDIANA CODE  
6 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE  
7 UPON PASSAGE]: **Sec. 20.7. "Slot machine" refers to a slot**  
8 **machine approved by the Indiana gaming commission for**  
9 **wagering under IC 4-35.**
- 10 SECTION 3. IC 4-31-4-2 IS AMENDED TO READ AS FOLLOWS  
11 [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) A county fiscal body may  
12 adopt an ordinance permitting the filing of applications under  
13 IC 4-31-5 to conduct pari-mutuel wagering on horse races at racetracks  
14 in the county. However, before adopting the ordinance, the county  
15 fiscal body must:
- 16 (1) conduct a public hearing on the proposed ordinance; and  
17 (2) publish notice of the public hearing in the manner prescribed

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by IC 5-3-1.

(b) The county fiscal body may:

- (1) require in the ordinance adopted by the county fiscal body that before applications under IC 4-31-5 to conduct pari-mutuel wagering on horse races at racetracks in the county may be filed, the voters of the county must approve the conducting of horse racing meetings in the county under section 3 of this chapter; or
- (2) amend an ordinance already adopted by the county fiscal body to require that before applications under IC 4-31-5 to conduct pari-mutuel wagering on horse races at racetracks in the county may be filed, the voters of the county must approve the conducting of horse racing meetings in the county under section 3 of this chapter.

An ordinance adopted under this section may not be amended to apply to a person who has already been issued a permit under IC 4-31-5 before amendment of the ordinance.

**(c) An ordinance adopted under this section authorizing a person to conduct pari-mutuel wagering on horse races at racetracks in the county may not be adopted or amended in a manner that restricts a person's ability to conduct gambling games under IC 4-35. An ordinance adopted by the county fiscal body permitting slot machines in the county is not a prerequisite for the lawful operation of slot machines under IC 4-35.**

SECTION 4. IC 4-31-5-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) The commission shall determine the dates ~~and the number~~ of racing days authorized under each recognized meeting permit. Except for racing at winterized tracks, a recognized meeting may not be conducted after December 10 of a calendar year.

**(b) The commission shall require at least one hundred sixty (160) live racing days each calendar year at the racetrack designated in a permit holder's permit, as follows:**

- (1) One hundred (100) live racing days must be for standardbreds.**
- (2) Sixty (60) live racing days must be for horses that are:**
  - (A) mounted by jockeys; and**
  - (B) run on a course without jumps or obstacles.**

The requirements of this subsection are a continuing condition for maintaining the permit holder's permit. However, the requirements do not apply if the commission determines that the permit holder is prevented from conducting live horse racing as a result of a natural disaster or another event over which the permit

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**holder has no control.**

SECTION 5. IC 4-31-5.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) As used in this section, "live racing day" means a day on which at least eight (8) live horse races are conducted.

(b) The commission's authority to issue satellite facility licenses is subject to the following conditions:

(1) **Subject to subsection (c)**, the commission may issue four (4) satellite facility licenses to each permit holder that

(A) conducts at least one hundred twenty (120) live racing days per year at the racetrack designated in the permit holder's permit; and

(B) meets the other requirements of this chapter and the rules adopted under this chapter.

If a permit holder that operates satellite facilities does not meet the required minimum number of live racing days, the permit holder may not operate the permit holder's satellite facilities during the following year. However, the requirement for one hundred twenty (120) live racing days does not apply if the commission determines that the permit holder is prevented from conducting live horse racing as a result of a natural disaster or other event over which the permit holder has no control. In addition, if the initial racing meeting conducted by a permit holder commences at such a time as to make it impractical to conduct one hundred twenty (120) live racing days during the permit holder's first year of operations, the commission may authorize the permit holder to conduct simulcast wagering during the first year of operations with fewer than one hundred twenty (120) live racing days.

(2) Each proposed satellite facility must be covered by a separate application. The timing for filing an initial application for a satellite facility license shall be established by the rules of the commission.

(3) A satellite facility must:

(A) have full dining service available;

(B) have multiple screens to enable each patron to view simulcast races; and

(C) be designed to seat comfortably a minimum of four hundred (400) persons.

(4) In determining whether a proposed satellite facility should be approved, the commission shall consider the following:

(A) The purposes and provisions of this chapter.

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(B) The public interest.

(C) The impact of the proposed satellite facility on live racing.

(D) The impact of the proposed satellite facility on the local community.

(E) The potential for job creation.

(F) The quality of the physical facilities and the services to be provided at the proposed satellite facility.

(G) Any other factors that the commission considers important or relevant to its decision.

(5) The commission may not issue a license for a satellite facility to be located in a county unless IC 4-31-4 has been satisfied.

**(c) A permit holder licensed to conduct gambling games under IC 4-35 is limited to the number of satellite facility licenses issued to the permit holder before January 1, 2007.**

SECTION 6. IC 4-31-7-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) A person holding a permit to conduct a horse racing meeting or a license to operate a satellite facility may provide a place in the racing meeting grounds or enclosure or the satellite facility at which the person may conduct and supervise the pari-mutuel system of wagering by patrons of legal age on the horse races conducted or simulcast by the person. The person may not permit or use:

(1) another place other than that provided and designated by the person; or

(2) another method or system of betting or wagering.

**However, a permit holder licensed to conduct gambling games under IC 4-35 may permit wagering on slot machines at a racetrack as permitted by IC 4-35.**

(b) Except as provided in section 7 of this chapter and IC 4-31-5.5, the pari-mutuel system of wagering may not be conducted on any races except the races at the racetrack, grounds, or enclosure for which the person holds a permit.

SECTION 7. IC 4-31-7-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) A person less than eighteen (18) years of age may not wager at a horse racing meeting.

(b) A person less than ~~seventeen (17)~~ **eighteen (18)** years of age may not enter the grandstand, clubhouse, or similar areas of a racetrack at which wagering is permitted unless accompanied by a person who is at least twenty-one (21) years of age.

(c) A person less than eighteen (18) years of age may not enter a satellite facility.

**(d) Except as provided by IC 4-35-7-2, a person less than**

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1 **twenty-one (21) years of age may not enter the area of a racetrack**  
 2 **in which gambling games are conducted under IC 4-35.**

3 SECTION 8. IC 4-31-9-1 IS AMENDED TO READ AS FOLLOWS  
 4 [EFFECTIVE UPON PASSAGE]: Sec. 1. A person that holds a permit  
 5 to conduct a horse racing meeting or a license to operate a satellite  
 6 facility shall withhold:

7 (1) eighteen percent (18%) of the total of money wagered on each  
 8 day at the racetrack or satellite facility (including money wagered  
 9 on exotic wagering pools, **but excluding money wagered on slot**  
 10 **machines under IC 4-35); plus**

11 (2) an additional three and one-half percent (3.5%) of the total of  
 12 all money wagered on exotic wagering pools on each day at the  
 13 racetrack or satellite facility.

14 SECTION 9. IC 4-33-2-17.5 IS ADDED TO THE INDIANA CODE  
 15 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE  
 16 UPON PASSAGE]: **Sec. 17.5. "Slot machine taxes" means the taxes**  
 17 **imposed under IC 4-35-8-1 on the adjusted gross receipts of**  
 18 **gambling games conducted under IC 4-35.**

19 SECTION 10. IC 4-33-12-6, AS AMENDED BY P.L.4-2005,  
 20 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 21 UPON PASSAGE]: Sec. 6. (a) The department shall place in the state  
 22 general fund the tax revenue collected under this chapter.

23 (b) Except as provided by subsections (c) and (d) and IC 6-3.1-20-7,  
 24 the treasurer of state shall quarterly pay the following amounts:

25 (1) Except as provided in subsection (k), one dollar (\$1) of the  
 26 admissions tax collected by the licensed owner for each person  
 27 embarking on a gambling excursion during the quarter or  
 28 admitted to a riverboat that has implemented flexible scheduling  
 29 under IC 4-33-6-21 during the quarter shall be paid to:

30 (A) the city in which the riverboat is docked, if the city:

31 (i) is located in a county having a population of more than  
 32 one hundred ten thousand (110,000) but less than one  
 33 hundred fifteen thousand (115,000); or

34 (ii) is contiguous to the Ohio River and is the largest city in  
 35 the county; and

36 (B) the county in which the riverboat is docked, if the  
 37 riverboat is not docked in a city described in clause (A).

38 (2) Except as provided in subsection (k), one dollar (\$1) of the  
 39 admissions tax collected by the licensed owner for each person:

40 (A) embarking on a gambling excursion during the quarter; or

41 (B) admitted to a riverboat during the quarter that has  
 42 implemented flexible scheduling under IC 4-33-6-21;

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shall be paid to the county in which the riverboat is docked. In the case of a county described in subdivision (1)(B), this one dollar (\$1) is in addition to the one dollar (\$1) received under subdivision (1)(B).

(3) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), fifteen cents (\$0.15) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during a quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the state fair commission, for use in any activity that the commission is authorized to carry out under IC 15-1.5-3.

(5) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the division of mental health and addiction. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(6) Except as provided in subsection (k) **and section 7 of this chapter**, sixty-five cents (\$0.65) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21 shall be paid to the Indiana horse racing commission to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

(A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and

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1 routine operations of the racetrack. No grants shall be made  
 2 for long term capital investment or construction, and no grants  
 3 shall be made before the racetrack becomes operational and is  
 4 offering a racing schedule.

5 (c) With respect to tax revenue collected from a riverboat located in  
 6 a historic hotel district, the treasurer of state shall quarterly pay the  
 7 following amounts:

8 (1) Twenty-five percent (25%) of the admissions tax collected  
 9 during the quarter shall be paid to the county treasurer of the  
 10 county in which the riverboat is docked. The county treasurer  
 11 shall distribute the money received under this subdivision as  
 12 follows:

13 (A) Twenty percent (20%) shall be quarterly distributed to the  
 14 county treasurer of a county having a population of more than  
 15 thirty-nine thousand six hundred (39,600) but less than forty  
 16 thousand (40,000) for appropriation by the county fiscal body  
 17 after receiving a recommendation from the county executive.  
 18 The county fiscal body for the receiving county shall provide  
 19 for the distribution of the money received under this clause to  
 20 one (1) or more taxing units (as defined in IC 6-1.1-1-21) in  
 21 the county under a formula established by the county fiscal  
 22 body after receiving a recommendation from the county  
 23 executive.

24 (B) Twenty percent (20%) shall be quarterly distributed to the  
 25 county treasurer of a county having a population of more than  
 26 ten thousand seven hundred (10,700) but less than twelve  
 27 thousand (12,000) for appropriation by the county fiscal body.  
 28 The county fiscal body for the receiving county shall provide  
 29 for the distribution of the money received under this clause to  
 30 one (1) or more taxing units (as defined in IC 6-1.1-1-21) in  
 31 the county under a formula established by the county fiscal  
 32 body after receiving a recommendation from the county  
 33 executive.

34 (C) Sixty percent (60%) shall be retained by the county where  
 35 the riverboat is docked for appropriation by the county fiscal  
 36 body after receiving a recommendation from the county  
 37 executive. The county fiscal body shall provide for the  
 38 distribution of part or all of the money received under this  
 39 clause to the following under a formula established by the  
 40 county fiscal body:

41 (i) A town having a population of more than two thousand  
 42 two hundred (2,200) but less than three thousand five

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hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(ii) A town having a population of more than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(2) Sixteen percent (16%) of the admissions tax collected during the quarter shall be paid in equal amounts to each town that:

(A) is located in the county in which the riverboat docks; and

(B) contains a historic hotel.

The town council shall appropriate a part of the money received by the town under this subdivision to the budget of the town's tourism commission.

(3) Nine percent (9%) of the admissions tax collected during the quarter shall be paid to the historic hotel preservation commission established under IC 36-7-11.5.

(4) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the West Baden Springs historic hotel preservation and maintenance fund established by IC 36-7-11.5-11(b).

(5) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the Indiana economic development corporation to be used by the corporation for the development and implementation of a regional economic development strategy to assist the residents of the county in which the riverboat is located and residents of contiguous counties in improving their quality of life and to help promote successful and sustainable communities. The regional economic development strategy must include goals concerning the following issues:

(A) Job creation and retention.

(B) Infrastructure, including water, wastewater, and storm water infrastructure needs.

(C) Housing.

(D) Workforce training.

(E) Health care.

(F) Local planning.

(G) Land use.

(H) Assistance to regional economic development groups.

(I) Other regional development issues as determined by the Indiana economic development corporation.

(d) With respect to tax revenue collected from a riverboat that

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operates from a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000), the treasurer of state shall quarterly pay the following amounts:

(1) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the city in which the riverboat is docked.

(2) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county in which the riverboat is docked.

(3) Except as provided in subsection (k), nine cents (\$0.09) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), one cent (\$0.01) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the northwest Indiana law enforcement training center.

(5) Except as provided in subsection (k), fifteen cents (\$0.15) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during a quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the state fair commission for use in any activity that the commission is authorized to carry out under IC 15-1.5-3.

(6) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

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shall be paid to the division of mental health and addiction. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(7) Except as provided in subsection (k) **and section 7 of this chapter**, sixty-five cents (\$0.65) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21 shall be paid to the Indiana horse racing commission to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

(A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction, and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(e) Money paid to a unit of local government under subsection (b)(1) through (b)(2), (c)(1) through (c)(2), or (d)(1) through (d)(2):

(1) must be paid to the fiscal officer of the unit and may be deposited in the unit's general fund or riverboat fund established under IC 36-1-8-9, or both;

(2) may not be used to reduce the unit's maximum levy under IC 6-1.1-18.5 but may be used at the discretion of the unit to reduce the property tax levy of the unit for a particular year;

(3) may be used for any legal or corporate purpose of the unit, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4; and

(4) is considered miscellaneous revenue.

(f) Money paid by the treasurer of state under subsection (b)(3) or (d)(3) shall be:

(1) deposited in:

(A) the county convention and visitor promotion fund; or

(B) the county's general fund if the county does not have a convention and visitor promotion fund; and

(2) used only for the tourism promotion, advertising, and economic development activities of the county and community.

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(g) Money received by the division of mental health and addiction under subsections (b)(5) and (d)(6):

(1) is annually appropriated to the division of mental health and addiction;

(2) shall be distributed to the division of mental health and addiction at times during each state fiscal year determined by the budget agency; and

(3) shall be used by the division of mental health and addiction for programs and facilities for the prevention and treatment of addictions to drugs, alcohol, and compulsive gambling, including the creation and maintenance of a toll free telephone line to provide the public with information about these addictions. The division shall allocate at least twenty-five percent (25%) of the money received to the prevention and treatment of compulsive gambling.

(h) This subsection applies to the following:

(1) Each entity receiving money under subsection (b).

(2) Each entity receiving money under subsection (d)(1) through (d)(2).

(3) Each entity receiving money under subsection (d)(5) through (d)(7).

The treasurer of state shall determine the total amount of money paid by the treasurer of state to an entity subject to this subsection during the state fiscal year 2002. The amount determined under this subsection is the base year revenue for each entity subject to this subsection. The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(i) This subsection applies to an entity receiving money under subsection (d)(3) or (d)(4). The treasurer of state shall determine the total amount of money paid by the treasurer of state to the entity described in subsection (d)(3) during state fiscal year 2002. The amount determined under this subsection multiplied by nine-tenths (0.9) is the base year revenue for the entity described in subsection (d)(3). The amount determined under this subsection multiplied by one-tenth (0.1) is the base year revenue for the entity described in subsection (d)(4). The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(j) This subsection does not apply to an entity receiving money under subsection (c). For state fiscal years beginning after June 30, 2002, the total amount of money distributed to an entity under this section during a state fiscal year may not exceed the entity's base year

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revenue as determined under subsection (h) or (i). If the treasurer of state determines that the total amount of money distributed to an entity under this section during a state fiscal year is less than the entity's base year revenue, the treasurer of state shall make a supplemental distribution to the entity under IC 4-33-13-5(g).

(k) This subsection does not apply to an entity receiving money under subsection (c). For state fiscal years beginning after June 30, 2002, the treasurer of state shall pay that part of the riverboat admissions taxes that:

- (1) ~~exceed~~ **exceeds** a particular entity's base year revenue; and
- (2) would otherwise be due to the entity under this section; to the property tax replacement fund instead of to the entity.

SECTION 11. IC 4-33-12-7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 7. (a) The maximum amount paid to the Indiana horse racing commission under this article in a state fiscal year ending before July 1, 2009, may not exceed the remainder of:**

- (1) the Indiana horse racing commission's base year revenue as determined under section 6(h) of this chapter; minus**
- (2) the amount of slot machine taxes, if any, distributed to the Indiana horse racing commission under IC 4-35-8-3 in the state fiscal year.**

**(b) For a state fiscal year ending before July 1, 2009, the treasurer of state shall pay an amount equal to the lesser of:**

- (1) the amount of admissions taxes specified in:**
  - (A) section 6(b)(6) of this chapter; and**
  - (B) section 6(d)(7) of this chapter; or**
- (2) the amount of slot machine taxes subtracted from the Indiana horse racing commission's base year revenue under subsection (a);**

**to the Indiana health insurance fund established by IC 4-35-8-8 instead of to the Indiana horse racing commission.**

**(c) For a state fiscal year beginning after June 30, 2009, the Indiana horse racing commission is not entitled to a distribution of admissions taxes collected under this chapter. After June 30, 2009, the treasurer of state shall pay the total amount of admissions taxes specified in:**

- (1) section 6(b)(6) of this chapter; and**
- (2) section 6(d)(7) of this chapter;**

**to the Indiana health insurance fund established by IC 4-35-8-8 instead of to the Indiana horse racing commission.**

SECTION 12. IC 4-33-13-5, AS AMENDED BY P.L.91-2006,



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SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) This subsection does not apply to tax revenue remitted by an operating agent operating a riverboat in a historic hotel district. After funds are appropriated under section 4 of this chapter, each month the treasurer of state shall distribute the tax revenue deposited in the state gaming fund under this chapter to the following:

(1) The first thirty-three million dollars (\$33,000,000) of tax revenues collected under this chapter shall be set aside for revenue sharing under subsection (e).

(2) Subject to subsection (c), twenty-five percent (25%) of the remaining tax revenue remitted by each licensed owner shall be paid:

(A) to the city that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of:

(i) a city described in IC 4-33-12-6(b)(1)(A); or

(ii) a city located in a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000); or

(B) to the county that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of a riverboat whose home dock is not in a city described in clause (A).

(3) Subject to subsection (d), the remainder of the tax revenue remitted by each licensed owner shall be paid to the property tax replacement fund. In each state fiscal year, the treasurer of state shall make the transfer required by this subdivision not later than the last business day of the month in which the tax revenue is remitted to the state for deposit in the state gaming fund. However, if tax revenue is received by the state on the last business day in a month, the treasurer of state may transfer the tax revenue to the property tax replacement fund in the immediately following month.

(b) This subsection applies only to tax revenue remitted by an operating agent operating a riverboat in a historic hotel district. After funds are appropriated under section 4 of this chapter, each month the treasurer of state shall distribute the tax revenue deposited in the state gaming fund under this chapter as follows:

(1) Thirty-seven and one-half percent (37.5%) shall be paid to the property tax replacement fund established under IC 6-1.1-21.

(2) Thirty-seven and one-half percent (37.5%) shall be paid to the

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West Baden Springs historic hotel preservation and maintenance fund established by IC 36-7-11.5-11(b). However, at any time the balance in that fund exceeds twenty million dollars (\$20,000,000), the amount described in this subdivision shall be paid to the property tax replacement fund established under IC 6-1.1-21.

(3) Five percent (5%) shall be paid to the historic hotel preservation commission established under IC 36-7-11.5.

(4) Ten percent (10%) shall be paid in equal amounts to each town that:

(A) is located in the county in which the riverboat docks; and

(B) contains a historic hotel.

The town council shall appropriate a part of the money received by the town under this subdivision to the budget of the town's tourism commission.

(5) Ten percent (10%) shall be paid to the county treasurer of the county in which the riverboat is docked. The county treasurer shall distribute the money received under this subdivision as follows:

(A) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than thirty-nine thousand six hundred (39,600) but less than forty thousand (40,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(B) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than ten thousand seven hundred (10,700) but less than twelve thousand (12,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(C) Sixty percent (60%) shall be retained by the county where

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the riverboat is docked for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body shall provide for the distribution of part or all of the money received under this clause to the following under a formula established by the county fiscal body:

(i) A town having a population of more than two thousand two hundred (2,200) but less than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(ii) A town having a population of more than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(c) For each city and county receiving money under subsection (a)(2), the treasurer of state shall determine the total amount of money paid by the treasurer of state to the city or county during the state fiscal year 2002. The amount determined is the base year revenue for the city or county. The treasurer of state shall certify the base year revenue determined under this subsection to the city or county. The total amount of money distributed to a city or county under this section during a state fiscal year may not exceed the entity's base year revenue. For each state fiscal year, the treasurer of state shall pay that part of the riverboat wagering taxes that:

- (1) exceeds a particular city's or county's base year revenue; and
- (2) would otherwise be due to the city or county under this section;

to the property tax replacement fund instead of to the city or county.

(d) Each state fiscal year the treasurer of state shall transfer from the tax revenue remitted to the property tax replacement fund under subsection (a)(3) to the build Indiana fund an amount that when added to the following may not exceed two hundred fifty million dollars (\$250,000,000):

- (1) Surplus lottery revenues under IC 4-30-17-3.
- (2) Surplus revenue from the charity gaming enforcement fund under IC 4-32.2-7-7.
- (3) Tax revenue from pari-mutuel wagering under IC 4-31-9-3.

The treasurer of state shall make transfers on a monthly basis as needed to meet the obligations of the build Indiana fund. If in any state fiscal year insufficient money is transferred to the property tax replacement fund under subsection (a)(3) to comply with this subsection, the

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1 treasurer of state shall reduce the amount transferred to the build  
 2 Indiana fund to the amount available in the property tax replacement  
 3 fund from the transfers under subsection (a)(3) for the state fiscal year.

4 (e) Before August 15 of each year, the treasurer of state shall  
 5 distribute the wagering taxes set aside for revenue sharing under  
 6 subsection (a)(1) to the county treasurer of each county that does not  
 7 have a riverboat **or a racetrack that offers slot machine wagering**  
 8 **under IC 4-35** according to the ratio that the county's population bears  
 9 to the total population of the counties that do not have a riverboat **or a**  
 10 **racetrack that offers slot machine wagering under IC 4-35**. Except  
 11 as provided in subsection (h), the county auditor shall distribute the  
 12 money received by the county under this subsection as follows:

13 (1) To each city located in the county according to the ratio the  
 14 city's population bears to the total population of the county.

15 (2) To each town located in the county according to the ratio the  
 16 town's population bears to the total population of the county.

17 (3) After the distributions required in subdivisions (1) and (2) are  
 18 made, the remainder shall be retained by the county.

19 (f) Money received by a city, town, or county under subsection (e)  
 20 or (h) may be used for any of the following purposes:

21 (1) To reduce the property tax levy of the city, town, or county for  
 22 a particular year (a property tax reduction under this subdivision  
 23 does not reduce the maximum levy of the city, town, or county  
 24 under IC 6-1.1-18.5).

25 (2) For deposit in a special fund or allocation fund created under  
 26 IC 8-22-3.5, IC 36-7-14, IC 36-7-14.5, IC 36-7-15.1, and  
 27 IC 36-7-30 to provide funding for additional credits for property  
 28 tax replacement in property tax increment allocation areas or debt  
 29 repayment.

30 (3) To fund sewer and water projects, including storm water  
 31 management projects.

32 (4) For police and fire pensions.

33 (5) To carry out any governmental purpose for which the money  
 34 is appropriated by the fiscal body of the city, town, or county.  
 35 Money used under this subdivision does not reduce the property  
 36 tax levy of the city, town, or county for a particular year or reduce  
 37 the maximum levy of the city, town, or county under  
 38 IC 6-1.1-18.5.

39 (g) This subsection does not apply to an entity receiving money  
 40 under IC 4-33-12-6(c). Before September 15 of each year, the treasurer  
 41 of state shall determine the total amount of money distributed to an  
 42 entity under IC 4-33-12-6 during the preceding state fiscal year. If the

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1 treasurer of state determines that the total amount of money distributed  
 2 to an entity under IC 4-33-12-6 during the preceding state fiscal year  
 3 was less than the entity's base year revenue (as determined under  
 4 IC 4-33-12-6), the treasurer of state shall make a supplemental  
 5 distribution to the entity from taxes collected under this chapter and  
 6 deposited into the property tax replacement fund. **Except as provided**  
 7 **in subsection (i), the amount of the an entity's supplemental**  
 8 **distribution is equal to:**

9 (1) the entity's base year revenue (as determined under  
 10 IC 4-33-12-6); minus

11 (2) the sum of:

12 (A) the total amount of money distributed to the entity during  
 13 the preceding state fiscal year under IC 4-33-12-6; plus

14 (B) any amounts deducted under IC 6-3.1-20-7.

15 (h) This subsection applies only to a county containing a  
 16 consolidated city. The county auditor shall distribute the money  
 17 received by the county under subsection (e) as follows:

18 (1) To each city, other than a consolidated city, located in the  
 19 county according to the ratio that the city's population bears to the  
 20 total population of the county.

21 (2) To each town located in the county according to the ratio that  
 22 the town's population bears to the total population of the county.

23 (3) After the distributions required in subdivisions (1) and (2) are  
 24 made, the remainder shall be paid in equal amounts to the  
 25 consolidated city and the county.

26 **(i) This subsection applies only to the Indiana horse racing**  
 27 **commission. For a state fiscal year ending before July 1, 2009, the**  
 28 **amount of the Indiana horse racing commission's supplemental**  
 29 **distribution under subsection (g) must be reduced by the amount**  
 30 **required to comply with IC 4-33-12-7(a). For a state fiscal year**  
 31 **beginning after June 30, 2009, the Indiana horse racing**  
 32 **commission is not entitled to a supplemental distribution under**  
 33 **subsection (g).**

34 SECTION 13. IC 4-33-18-9, AS AMENDED BY P.L.91-2006,  
 35 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 36 UPON PASSAGE]: Sec. 9. (a) Nothing in this chapter may be  
 37 construed to limit the powers or responsibilities of:

38 (1) the ~~Indiana state~~ lottery commission under IC 4-30;

39 (2) the Indiana horse racing commission under IC 4-31; or

40 (3) the Indiana gaming commission under IC 4-32.2, ~~or~~ IC 4-33,  
 41 **or IC 4-35.**

42 (b) The department may not exercise any administrative or

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regulatory powers with respect to:

- (1) the Indiana lottery under IC 4-30;
- (2) pari-mutuel horse racing under IC 4-31;
- (3) charity gaming under IC 4-32.2; or
- (4) riverboat casino gambling under IC 4-33; or
- (5) gambling games conducted at a racetrack (as defined in IC 4-35-2-8) under IC 4-35.**

SECTION 14. IC 4-35 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

# **ARTICLE 35. GAMBLING GAMES AT RACETRACKS**

## **Chapter 1. Application**

**Sec. 1. This article applies only to gambling games conducted by a permit holder holding a gambling game license issued under IC 4-35-5.**

## **Chapter 2. Definitions**

**Sec. 1. The definitions in this chapter apply throughout this article.**

**Sec. 2. "Adjusted gross receipts" means:**

- (1) the total of all cash and property (including checks received by a licensee, whether collected or not) received by a licensee from gambling games; minus
- (2) the total of:
  - (A) all cash paid out to patrons as winnings for gambling games; and
  - (B) uncollectible gambling game receivables, not to exceed the lesser of:
    - (i) a reasonable provision for uncollectible patron checks received from gambling games; or
    - (ii) two percent (2%) of the total of all sums, including checks, whether collected or not, less the amount paid out to patrons as winnings for gambling games.

**For purposes of this section, a counter or personal check that is invalid or unenforceable under this article is considered cash received by the licensee from gambling games.**

**Sec. 3. "Commission" refers to the Indiana gaming commission established by IC 4-33-3-1.**

**Sec. 4. "Department" refers to the department of state revenue.**

**Sec. 5. "Gambling game" means a game played on a slot machine approved for wagering under this article by the commission.**

**Sec. 6. "Gaming agent" means an individual described in**

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1 IC 4-33-4.5.

2 Sec. 7. "Licensee" means a permit holder holding a gambling  
3 game license issued under IC 4-35-5.

4 Sec. 8. "Permit holder" means a person holding a permit issued  
5 under IC 4-31-5 to conduct a pari-mutuel horse racing meeting.

6 Sec. 9. "Racetrack" means the racetrack specified in a permit  
7 holder's permit to conduct a pari-mutuel horse racing meeting.

8 Sec. 10. "Supplier's license" means a license issued under  
9 IC 4-35-6.

10 Chapter 3. General Provisions

11 Sec. 1. All shipments of slot machines to licensees in Indiana, the  
12 registering, recording, and labeling of which have been completed  
13 by the manufacturer or dealer in accordance with 15 U.S.C. 1171  
14 through 15 U.S.C. 1178, are legal shipments of gambling devices  
15 into Indiana.

16 Sec. 2. Under 15 U.S.C. 1172, approved January 2, 1951, the  
17 state of Indiana, acting by and through elected and qualified  
18 members of the general assembly, declares that the state is exempt  
19 from 15 U.S.C. 1172.

20 Chapter 4. Powers and Duties of the Indiana Gaming  
21 Commission

22 Sec. 1. The commission shall regulate and administer gambling  
23 games conducted by a licensee under this article.

24 Sec. 2. The commission shall do the following:

25 (1) Adopt rules under IC 4-22-2 that the commission  
26 determines are necessary to protect or enhance the following:

27 (A) The credibility and integrity of gambling games  
28 authorized under this article.

29 (B) The regulatory process provided in this article.

30 (2) Conduct all hearings concerning civil violations of this  
31 article.

32 (3) Provide for the establishment and collection of license fees  
33 imposed under this article, and deposit the license fees in the  
34 state general fund.

35 (4) Levy and collect penalties for noncriminal violations of  
36 this article and deposit the penalties in the state general fund.

37 (5) Approve the design, appearance, aesthetics, and  
38 construction of slot machine facilities authorized under this  
39 article.

40 Sec. 3. The commission shall adopt rules under IC 4-22-2 for the  
41 following purposes:

42 (1) Administering this article.

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(2) Establishing the conditions under which gambling games at racetracks may be conducted.

(3) Providing for the prevention of practices detrimental to the public interest.

(4) Establishing rules concerning the inspection of gambling game facilities at racetracks and the review of the licenses necessary to conduct gambling games under this article.

(5) Imposing penalties for noncriminal violations of this article.

Sec. 4. The commission shall be present through the commission's gaming agents during the time gambling games are being conducted at a racetrack to do the following:

(1) Certify the revenue received by a racetrack from gambling games.

(2) Receive complaints from the public concerning the operation of gambling games.

(3) Conduct other investigations into the conduct of the gambling games and the maintenance of the equipment that the commission considers necessary and proper.

Sec. 5. The commission shall employ gaming agents to perform duties imposed by this article. A licensee shall, under rules adopted by the commission under IC 4-22-2, reimburse the commission for:

(1) training expenses incurred to train gaming agents;

(2) salaries and other expenses of staff required to support the gaming agents; and

(3) salaries and other expenses of the gaming agents required to be present during the time gambling games are being conducted at a racetrack.

Sec. 6. The commission may enter into a contract with the Indiana horse racing commission for the provision of services necessary to administer this article.

#### Chapter 5. Gambling Game License

Sec. 1. The commission may issue a license to a permit holder to conduct gambling games under this article at the permit holder's racetrack. The number of licenses issued under this chapter may not exceed two (2).

Sec. 2. Before issuing a license to a person under this chapter, the commission shall subject the person to a background investigation similar to a background investigation required for an applicant for a riverboat owner's license under IC 4-33-6.

Sec. 3. A permit holder that is issued a gambling game license under this article must pay an initial licensing fee of seventy-five

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1 million dollars (\$75,000,000). The fee required under this section  
2 must be paid to the commission before September 1, 2007.

3 Sec. 4. (a) An initial gambling game license expires ten (10)  
4 years after the effective date of the license. Unless the gambling  
5 game license is terminated or revoked, the gambling game license  
6 may be renewed annually thereafter upon:

7 (1) the payment of an annual renewal fee of five thousand  
8 dollars (\$5,000); and

9 (2) a determination by the commission that the licensee  
10 satisfies the conditions of this chapter.

11 (b) An initial gambling game license must be held by the licensee  
12 for at least ten (10) years

13 Sec. 5. (a) The commission shall conduct a complete  
14 investigation of each licensee every three (3) years to determine  
15 whether the licensee remains in compliance with this article.

16 (b) Notwithstanding subsection (a), the commission may  
17 investigate a licensee at any time the commission determines it is  
18 necessary to ensure that the licensee remains in compliance with  
19 this article.

20 Sec. 6. A permit holder or other person investigated under this  
21 chapter shall bear the cost of the investigation.

22 Sec. 7. (a) A licensee or any other person must apply for and  
23 receive the commission's approval before:

24 (1) a gambling game license is:

25 (A) transferred;

26 (B) sold; or

27 (C) purchased; or

28 (2) a voting trust agreement or other similar agreement is  
29 established with respect to the gambling game license.

30 (b) The commission shall adopt rules governing the procedure  
31 a licensee or other person must follow to take an action under  
32 subsection (a). The rules must specify that a person who obtains an  
33 ownership interest in a gambling game license must meet the  
34 criteria of this article and comply with the rules adopted by the  
35 commission. A licensee may transfer a gambling game license only  
36 in accordance with this article and the rules adopted by the  
37 commission.

38 (c) A person may not:

39 (1) lease;

40 (2) hypothecate; or

41 (3) borrow or loan money against;

42 a gambling game license.

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(d) A transfer fee is imposed on a person who sells or otherwise relinquishes a controlling interest, as determined under the rules of the commission, in a gambling game license. The fee is equal to the greater of:

(1) zero (0); or

(2) the product of:

(A) five-tenths (0.5); multiplied by

(B) the result of:

(i) the amount of the selling price of the controlling interest; minus

(ii) seventy-five million dollars (\$75,000,000).

Sec. 8. The commission shall transfer:

(1) fees collected under this chapter; and

(2) all investigation costs recovered under this chapter; to the treasurer of state for deposit in the state general fund.

#### Chapter 6. Slot Machine Suppliers

Sec. 1. The commission may issue a supplier's license under this chapter to a person if:

(1) the person has:

(A) applied for the supplier's license;

(B) paid a nonrefundable application fee set by the commission;

(C) paid a five thousand dollar (\$5,000) annual supplier's license fee; and

(D) submitted, on forms provided by the commission, two

(2) sets of:

(i) the individual's fingerprints, if the applicant is an individual; or

(ii) fingerprints for each officer and director of the applicant, if the applicant is not an individual; and

(2) the commission has determined that the applicant is eligible for a supplier's license.

Sec. 2. A person may not receive a supplier's license under this chapter if:

(1) the person has been convicted of a felony under Indiana law, the laws of any other state, or the laws of the United States;

(2) the person has knowingly or intentionally submitted an application for a supplier's license under this chapter that contains false information;

(3) the person is a member of the commission;

(4) the person is an officer, a director, or a managerial

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employee of a person described in subdivision (1) or (2);

(5) the person employs an individual who:

(A) is described in subdivision (1), (2), or (3); or

(B) participates in the management or operation of gambling operations authorized under this article;

(6) the person owns more than a ten percent (10%) ownership interest in any other person holding a permit issued under IC 4-31; or

(7) a license issued to the person:

(A) under this article;

(B) under IC 4-33-7; or

(C) to supply gaming supplies in another jurisdiction;

has been revoked.

**Sec. 3. A holder of a supplier's license may:**

(1) sell;

(2) lease; or

(3) contract to sell or lease;

a slot machine to a licensee.

**Sec. 4. A person may not furnish slot machines to a licensee unless the person possesses a supplier's license.**

**Sec. 5. A slot machine may not be distributed for use under this article unless the slot machine conforms to standards adopted by the commission.**

**Sec. 6. (a) A supplier shall furnish to the commission a list of all slot machines offered for sale or lease in connection with gambling games authorized under this article.**

**(b) A supplier shall keep books and records for the furnishing of slot machines to licensees. The books and records required under this subsection must be kept separate from the books and records of any other business operated by the supplier.**

**(c) A supplier shall file a quarterly return with the commission listing all sales and leases.**

**(d) A supplier shall permanently affix the supplier's name to all slot machines that the supplier provides to licensees under this chapter.**

**Sec. 7. If the commission determines that a supplier's slot machine has been used by a person in an unauthorized gambling operation, the slot machine shall be forfeited to the state.**

**Sec. 8. Slot machines operated under this article may be:**

(1) repaired on the premises of a racetrack; or

(2) removed for repair from the racetrack to a facility owned by the licensee.

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1       **Sec. 9. (a)** Unless a supplier's license is suspended, expires, or is  
 2       revoked, the supplier's license may be renewed annually upon:

3               (1) the payment of a five thousand dollar (\$5,000) annual  
 4               renewal fee; and

5               (2) a determination by the commission that the holder of the  
 6               supplier's license is in compliance with this article.

7       **(b)** The commission shall conduct a complete investigation of  
 8       each holder of a supplier's license every three (3) years to  
 9       determine whether the holder of the supplier's license is in  
 10       compliance with this article.

11       **(c)** Notwithstanding subsection (b), the commission may  
 12       investigate the holder of a supplier's license at any time the  
 13       commission determines it is necessary to ensure that the holder of  
 14       the supplier's license is in compliance with this article.

15       **(d)** The holder of a supplier's license shall bear the cost of an  
 16       investigation or a reinvestigation of the licensee and any  
 17       investigation resulting from a potential transfer of ownership.

18       **Sec. 10.** The commission shall transfer:

19               (1) fees collected under this chapter; and

20               (2) all investigation costs recovered under this chapter;  
 21       to the treasurer of state for deposit in the state general fund.

22       **Chapter 7. Conduct of Gambling Games at Racetracks**

23       **Sec. 1.** Gambling games authorized under this article may not  
 24       be conducted anywhere other than a slot machine facility located  
 25       at a racetrack.

26       **Sec. 2. (a)** A person who is less than twenty-one (21) years of age  
 27       may not wager on a slot machine.

28       **(b)** Except as provided in subsection (c), a person who is less  
 29       than twenty-one (21) years of age may not be present in the area of  
 30       a racetrack where gambling games are conducted.

31       **(c)** A person who is at least eighteen (18) years of age and who  
 32       is an employee of the racetrack may be present in the area of the  
 33       racetrack where gambling games are conducted. However, an  
 34       employee who is less than twenty-one (21) years of age may not  
 35       perform any function involving gambling by the patrons of the  
 36       licensee's slot machine facility.

37       **Sec. 3.** Minimum and maximum wagers on gambling games  
 38       shall be determined by the licensee.

39       **Sec. 4.** The following may inspect a licensee's slot machine  
 40       facility at any time to determine if this article is being violated:

41               (1) Employees of the commission.

42               (2) Officers of the state police department.

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1       **Sec. 5. Employees of the commission have the right to be present**  
 2       **in a licensee's slot machine facility.**

3       **Sec. 6. A slot machine may be purchased or leased only from a**  
 4       **supplier licensed under this article.**

5       **Sec. 7. Slot machine wagering is the only form of wagering**  
 6       **permitted in a licensee's slot machine facility.**

7       **Sec. 8. Wagers may be received only from a person present in a**  
 8       **licensee's slot machine facility. A person present in a licensee's slot**  
 9       **machine facility may not place or attempt to place a wager on**  
 10       **behalf of a person who is not present in the licensee's slot machine**  
 11       **facility.**

12       **Sec. 9. Wagering may not be conducted with money or other**  
 13       **negotiable currency.**

14       **Sec. 10. (a) A patron may make a wager at a racetrack only by**  
 15       **means of:**

16               **(1) a token; or**

17               **(2) an electronic card;**

18       **purchased from a licensee at the licensee's racetrack.**

19       **(b) A token or an electronic card may be purchased by means**  
 20       **of an agreement under which a licensee extends credit to the**  
 21       **patron.**

22       **Sec. 11. A token or an electronic card described in section 10 of**  
 23       **this chapter may be used by a patron while the patron is present at**  
 24       **the racetrack only to make a wager on a slot machine authorized**  
 25       **under this article.**

26       **Sec. 12. (a) A licensee may not initially install more than two**  
 27       **thousand five hundred (2,500) slot machines on the premises of the**  
 28       **licensee's racetrack.**

29       **(b) A licensee may not install additional slot machines on the**  
 30       **premises of the licensee's racetrack unless the installation is**  
 31       **approved by the commission.**

32       **Sec. 13. (a) The Indiana horse racing commission shall enforce**  
 33       **the requirements of this section.**

34       **(b) A licensee shall annually devote to horse racing purses an**  
 35       **amount equal to at least fifteen percent (15%) of the adjusted gross**  
 36       **receipts from slot machine wagering at the licensee's racetrack.**

37       **(c) The commission shall provide the Indiana horse racing**  
 38       **commission with the information necessary to enforce this section.**

39       **(d) The Indiana horse racing commission shall investigate any**  
 40       **complaint that a licensee has failed to comply with the horse racing**  
 41       **purse requirements set forth in this section. If, after notice and a**  
 42       **hearing, the Indiana horse racing commission finds that a licensee**

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has failed to comply with the purse requirements set forth in this section, the Indiana horse racing commission may:

- (1) issue a warning to the licensee;
- (2) impose a civil penalty that may not exceed one million dollars (\$1,000,000); or
- (3) suspend a meeting permit issued under IC 4-31-5 to conduct a pari-mutuel wagering horse racing meeting in Indiana.

(e) A civil penalty collected under this section must be deposited in the Indiana health insurance fund established by IC 4-35-8-8.

#### **Chapter 8. Taxation of Slot Machine Wagering**

**Sec. 1. (a)** A slot machine wagering tax is imposed on the adjusted gross receipts received from wagering on gambling games authorized by this article at the rate of:

- (1) thirty-two and five-tenths percent (32.5%) of the first one hundred fifty million dollars (\$150,000,000) of the adjusted gross receipts received during the period beginning July 1 of each year and ending June 30 of the following year; and
- (2) thirty-seven and five-tenths percent (37.5%) of the adjusted gross receipts exceeding one hundred fifty million dollars (\$150,000,000) received during the period beginning July 1 of each year and ending June 30 of the following year.

(b) A licensee shall remit the tax imposed by this section to the department before the close of the business day following the day the wagers are made.

(c) The department may require payment under this section to be made by electronic funds transfer (as defined in IC 4-8.1-2-7(f)).

(d) If the department requires taxes to be remitted under this chapter through electronic funds transfer, the department may allow the licensee to file a monthly report to reconcile the amounts remitted to the department.

(e) The payment of the tax under this section must be on a form prescribed by the department.

**Sec. 2. (a)** The state racetrack gaming fund is established.

(b) The department shall deposit tax revenue collected under section 1 of this chapter in the state racetrack gaming fund.

(c) Money in the state racetrack gaming fund is continuously appropriated for the purposes of this chapter.

**Sec. 3. (a)** This section applies to the first twenty-seven million two hundred five thousand two hundred eighty-four dollars (\$27,205,284) deposited in the state racetrack gaming fund in a state fiscal year ending before July 1, 2009.

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(b) Before the fifteenth day of each month, the treasurer of state shall distribute the tax revenue deposited in the state racetrack gaming fund in the preceding month to the Indiana horse racing commission to be distributed in amounts determined by the Indiana horse racing commission as follows:

(1) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(2) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this subdivision only for purses, promotions, and routine operations of the racetrack. A grant may not be made for long term capital investment or construction, and a grant may not be made before the racetrack becomes operational and is offering a racing schedule.

Sec. 4. (a) This section applies to the tax revenue deposited in the state racetrack gaming fund that exceeds twenty-seven million two hundred five thousand two hundred eighty-four dollars (\$27,205,284) in a state fiscal year ending before July 1, 2009.

(b) The treasurer of state shall transfer the tax revenue described in subsection (a) to the state general fund.

Sec. 5. (a) This section applies to a state fiscal year beginning after June 30, 2009.

(b) Before the fifteenth day of each month, the treasurer of state shall transfer the tax revenue deposited in the state racetrack gaming fund in the previous month as follows:

(1) An amount equal to five percent (5%) of the tax revenue remitted in the previous month by the racetrack located in Madison County to the treasurer of Madison County.

(2) An amount equal to five percent (5%) of the tax revenue remitted in the previous month by the racetrack located in Shelby County to the treasurer of Shelby County.

(3) An amount equal to fifteen percent (15%) of the tax revenue remitted under this chapter in the previous month to the local revenue sharing fund established under section 9 of this chapter.

(4) The remaining tax revenue deposited in the state racetrack gaming fund in the previous month to the state general fund.

Sec. 6. The auditor of each county containing a racetrack shall distribute the tax revenues transferred to the county under section 5 of this chapter as follows:

(1) To each city located in the county according to the ratio the city's population bears to the total population of the

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1 county.

2 (2) To each town located in the county according to the ratio  
3 the town's population bears to the total population of the  
4 county.

5 (3) After the distributions required in subdivisions (1) and (2)  
6 are made, the remainder shall be retained by the county.

7 Sec. 7. (a) As used in this section, "political subdivision" means  
8 a county, city, or town.

9 (b) Money paid to a political subdivision under this chapter:

10 (1) must be paid to the fiscal officer of the political subdivision  
11 and must be deposited in the political subdivision's general  
12 fund;

13 (2) may not be used to reduce the political subdivision's  
14 maximum levy under IC 6-1.1 but may be used at the  
15 discretion of the political subdivision to reduce the property  
16 tax levy of the political subdivision for a particular year;

17 (3) may be used for any purpose specified in this chapter or  
18 for any other legal or corporate purpose of the political  
19 subdivision, including the pledge of money to bonds, leases, or  
20 other obligations under IC 5-1-14-4; and

21 (4) is considered miscellaneous revenue.

22 Sec. 8. (a) As used in this section, "fund" refers to the Indiana  
23 health insurance fund established under subsection (b).

24 (b) The Indiana health insurance fund is established. The fund  
25 consists of amounts deposited under IC 4-33 and this article.

26 (c) The fund shall be administered by the treasurer of state. The  
27 treasurer of state shall invest the money in the fund not currently  
28 needed to meet the obligations of the fund in the same manner as  
29 other public funds may be invested. Interest that accrues from  
30 these investments shall be deposited in the fund. Money in the fund  
31 does not revert to the state general fund at the end of a state fiscal  
32 year.

33 (d) Money in the fund must be used to provide health insurance  
34 to Indiana residents who reside in a household with an annual  
35 household income that is less than three hundred percent (300%)  
36 of the federal income poverty level.

37 (e) Money in the fund is continuously appropriated for the  
38 purposes of this section.

39 Sec. 9. (a) The local revenue sharing fund is established. The  
40 revenue sharing fund shall be administered by the treasurer of  
41 state. Money in the local revenue sharing fund does not revert to  
42 the state general fund at the end of a state fiscal year.

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(b) Money transferred to the local revenue sharing fund under section 5 of this chapter must be distributed to cities, counties, and towns in the same manner as the revenue sharing provided for under IC 4-33-13-5(e).

(c) Money received under this section may be used in the same manner as money received under IC 4-33-13-5(e).

(d) Money in the local revenue sharing fund is appropriated continuously for the purposes of this section.

#### **Chapter 9. Penalties**

**Sec. 1.** This chapter applies only to gambling games authorized under this article.

**Sec. 2.** A person who knowingly or intentionally aids, induces, or causes a person who is:

- (1) less than twenty-one (21) years of age; and
- (2) not an employee of a licensee;

to enter or attempt to enter the licensee's slot machine facility commits a Class A misdemeanor.

**Sec. 3.** A person who:

- (1) is not an employee of a licensee;
- (2) is less than twenty-one (21) years of age; and
- (3) knowingly or intentionally enters the licensee's slot machine facility;

commits a Class A misdemeanor.

**Sec. 4.** A person who knowingly or intentionally:

- (1) makes a false statement on an application submitted under this article;
- (2) conducts a gambling game in a manner other than the manner required under this article; or
- (3) wagers or accepts a wager at a location other than a licensee's slot machine facility;

commits a Class A misdemeanor.

**Sec. 5.** A person who knowingly or intentionally does any of the following commits a Class D felony:

- (1) Offers, promises, or gives anything of value or benefit:
  - (A) to a person who is connected with a licensee, including an officer or employee of a licensee; and
  - (B) under an agreement to influence or with the intent to influence:
    - (i) the actions of the person to whom the offer, promise, or gift was made in order to affect or attempt to affect the outcome of a gambling game; or
    - (ii) an official action of a commission member.

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1 (2) Solicits, accepts, or receives a promise of anything of value  
2 or benefit:

3 (A) while the person is connected with a licensee, including  
4 as an officer or employee of a licensee; and

5 (B) under an agreement to influence or with the intent to  
6 influence:

7 (i) the actions of the person to affect or attempt to affect  
8 the outcome of a gambling game; or

9 (ii) an official action of a commission member.

10 (3) Uses or possesses with the intent to use a device to assist  
11 in:

12 (A) projecting the outcome of a gambling game;

13 (B) analyzing the probability of the occurrence of an event  
14 related to a gambling game; or

15 (C) analyzing the strategy for playing or betting to be used  
16 in a gambling game, except as permitted by the  
17 commission.

18 (4) Cheats at a gambling game.

19 (5) Manufactures, sells, or distributes any game or device that  
20 is intended to be used to violate this article.

21 (6) Alters or misrepresents the outcome of a gambling game  
22 on which wagers have been made after the outcome is made  
23 sure but before the outcome is revealed to the players.

24 (7) Places a bet on the outcome of a gambling game after  
25 acquiring knowledge that:

26 (A) is not available to all players; and

27 (B) concerns the outcome of the gambling game that is the  
28 subject of the bet.

29 (8) Aids a person in acquiring the knowledge described in  
30 subdivision (7) to place a bet contingent on the outcome of a  
31 gambling game.

32 (9) Claims, collects, takes, or attempts to claim, collect, or  
33 take money or anything of value in or from a gambling game:

34 (A) with the intent to defraud; or

35 (B) without having made a wager contingent on winning a  
36 gambling game.

37 (10) Claims, collects, or takes an amount of money or a thing  
38 of value that is of greater value than the amount won in a  
39 gambling game.

40 (11) Uses or possesses counterfeit tokens in or for use in a  
41 gambling game.

42 (12) Possesses a key or device designed for:

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- (A) opening, entering, or affecting the operation of a gambling game, a drop box, or an electronic or a mechanical device connected with the gambling game; or  
 (B) removing coins, tokens, or other contents of a gambling game.

This subdivision does not apply to a licensee or an employee of a licensee acting in the course of the employee's employment.

- (13) Possesses materials used to manufacture a slug or device intended to be used in a manner that violates this article.

#### **Chapter 10. Employment**

**Sec. 1. (a)** This section applies if a permit holder's employees are covered under the terms of a collective bargaining agreement that is in effect at the time a gambling game license is issued to the permit holder under IC 4-35-5.

**(b)** If a permit holder has nonsupervisory employees whose work is:

- (1)** directly related to:

**(A)** pari-mutuel terminal operations; or

**(B)** money room functions associated with pari-mutuel wagering on horse racing; and

- (2)** covered under the terms of a collective bargaining agreement;

the permit holder shall, subject to subsection (c), staff nonsupervisory positions directly related to the operation of gambling games under this article with employees whose work is covered under the terms of a collective bargaining agreement.

**(c)** The employees described in subsection (b) must be qualified to meet the licensing requirements of this article and any criteria required by the commission in rules adopted under IC 4-22-2.

**Sec. 2.** The job classifications, job duties, wage rates, and benefits of nonsupervisory positions related to gambling games may be established by agreement of the parties to a collective bargaining agreement or, in the absence of an agreement, by the permit holder.

#### **Chapter 11. Minority and Women's Business Participation**

**Sec. 1.** This chapter applies to persons holding a permit to operate a racetrack under IC 4-31-5 at which slot machines are licensed under this article.

**Sec. 2.** The general assembly declares that it is essential for minority and women's business enterprises to have the opportunity for full participation in the racetrack industry if minority and

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women's business enterprises are to obtain social and economic parity and if the economies of the cities, towns, and counties in which slot machines are operated at racetracks are to be stimulated as contemplated by this article.

Sec. 3. As used in this chapter, "minority" means a person who is one (1) of the following:

- (1) Black.
- (2) Hispanic.
- (3) Asian American.
- (4) Native American or Alaskan native.

Sec. 4. As used in this chapter, "minority business enterprise" means a business that is one (1) of the following:

- (1) A sole proprietorship owned and controlled by a minority.
- (2) A partnership or joint venture owned and controlled by minorities and in which:
  - (A) at least fifty-one percent (51%) of the ownership interest is held by at least one (1) minority; and
  - (B) the management and daily business operations are controlled by at least one (1) minority who also holds an ownership interest.
- (3) A corporation or other entity in which:
  - (A) at least fifty-one percent (51%) of:
    - (i) the ownership interest; or
    - (ii) the stock, if stock is issued;
 is held by at least one (1) minority; and
  - (B) the management and daily business operations are controlled by at least one (1) minority who also holds an ownership interest or stock.

Sec. 5. As used in this chapter, "women's business enterprise" means a business that is one (1) of the following:

- (1) A sole proprietorship owned and controlled by a woman.
- (2) A partnership or joint venture owned and controlled by women and in which:
  - (A) at least fifty-one percent (51%) of the ownership interest is held by at least one (1) woman; and
  - (B) the management and daily business operations are controlled by at least one (1) woman who also holds an ownership interest.
- (3) A corporation or other entity in which:
  - (A) at least fifty-one percent (51%) of:
    - (i) the ownership interest; or
    - (ii) the stock, if stock is issued;



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1 is held by at least one (1) woman; and

2 (B) the management and daily business operations are  
3 controlled by at least one (1) woman who also holds an  
4 ownership interest or stock.

5 Sec. 6. (a) As used in this section, "goods and services" does not  
6 include the following:

7 (1) Utilities and taxes.

8 (2) Financing costs, mortgages, loans, or other debt.

9 (3) Medical insurance.

10 (4) Fees and payments to a parent or an affiliated company of  
11 a permit holder or other fees and payments for goods and  
12 services supplied by nonaffiliated persons through an  
13 affiliated company for the use or benefit of the permit holder.

14 (5) Rents paid for real property or payments constituting the  
15 price of an interest in real property as a result of a real estate  
16 transaction.

17 (b) Notwithstanding any law or rule to the contrary, a permit  
18 holder shall establish goals of expending at least:

19 (1) fifteen percent (15%) of the dollar value of the permit  
20 holder's contracts for goods and services with minority  
21 business enterprises; and

22 (2) seven and one-half percent (7.5%) of the dollar value of  
23 the permit holder's contracts for goods and services with  
24 women's business enterprises.

25 (c) A permit holder shall submit quarterly reports to the  
26 commission that outline the total dollar value of contracts awarded  
27 for goods and services and the percentage of contracts awarded to  
28 minority and women's business enterprises.

29 (d) A permit holder shall make a good faith effort to meet the  
30 requirements of this section and shall quarterly, unless otherwise  
31 directed by the commission, demonstrate to the commission at a  
32 public meeting that an effort was made to meet the requirements.

33 (e) A permit holder may fulfill not more than seventy percent  
34 (70%) of an obligation under this chapter by requiring a vendor to  
35 set aside a part of a contract for minority or women's business  
36 enterprises. Upon request, the permit holder shall provide the  
37 commission with proof of the amount of the set aside.

38 Sec. 7. If the commission determines that the provisions of this  
39 chapter relating to expenditures and assignments to minority and  
40 women's business enterprises have not been met, the commission  
41 may suspend, limit, or revoke the person's license or permit, or  
42 may fine or impose appropriate conditions on the license or permit

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1 to ensure that the goals for expenditures and assignments to  
 2 minority and women's business enterprises are met. However, if a  
 3 determination is made that a permit holder has failed to  
 4 demonstrate compliance with this chapter, the person has ninety  
 5 (90) days from the date of the determination of noncompliance to  
 6 comply.

7 **Sec. 8. The commission shall establish and administer a unified**  
 8 **certification procedure for minority and women's business**  
 9 **enterprises that do business with permit holders on contracts for**  
 10 **goods and services or contracts for business.**

11 **Sec. 9. The commission shall supply permit holders with a list of**  
 12 **minority and women's business enterprises the commission has**  
 13 **certified under section 8 of this chapter. The commission shall**  
 14 **review the list at least annually to determine the minority and**  
 15 **women's business enterprises that should continue to be certified.**  
 16 **The commission shall establish procedures for challenging the**  
 17 **designation of a certified minority and women's business**  
 18 **enterprise. The procedure must include proper notice and a**  
 19 **hearing for all concerned parties.**

20 **Sec. 10. The commission shall adopt other rules necessary to**  
 21 **interpret and implement this chapter.**

22 SECTION 15. IC 6-8.1-1-1, AS AMENDED BY P.L.162-2006,  
 23 SECTION 35, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 24 UPON PASSAGE]: Sec. 1. "Listed taxes" or "taxes" includes only the  
 25 pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the riverboat  
 26 admissions tax (IC 4-33-12); the riverboat wagering tax (IC 4-33-13);  
 27 **the slot machine wagering tax (IC 4-35-8);** the gross income tax  
 28 (IC 6-2.1) (repealed); the utility receipts and utility services use taxes  
 29 (IC 6-2.3); the state gross retail and use taxes (IC 6-2.5); the adjusted  
 30 gross income tax (IC 6-3); the supplemental net income tax (IC 6-3-8)  
 31 (repealed); the county adjusted gross income tax (IC 6-3.5-1.1); the  
 32 county option income tax (IC 6-3.5-6); the county economic  
 33 development income tax (IC 6-3.5-7); the municipal option income tax  
 34 (IC 6-3.5-8); the auto rental excise tax (IC 6-6-9); the financial  
 35 institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the alternative  
 36 fuel permit fee (IC 6-6-2.1); the special fuel tax (IC 6-6-2.5); the motor  
 37 carrier fuel tax (IC 6-6-4.1); a motor fuel tax collected under a  
 38 reciprocal agreement under IC 6-8.1-3; the motor vehicle excise tax  
 39 (IC 6-6-5); the commercial vehicle excise tax (IC 6-6-5.5); the  
 40 hazardous waste disposal tax (IC 6-6-6.6); the cigarette tax (IC 6-7-1);  
 41 the beer excise tax (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the  
 42 wine excise tax (IC 7.1-4-4); the hard cider excise tax (IC 7.1-4-4.5);

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the malt excise tax (IC 7.1-4-5); the petroleum severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the various food and beverage taxes (IC 6-9); the county admissions tax (IC 6-9-13 and IC 6-9-28); the oil inspection fee (IC 16-44-2); the emergency and hazardous chemical inventory form fee (IC 6-6-10); the penalties assessed for oversize vehicles (IC 9-20-3 and IC 9-30); the fees and penalties assessed for overweight vehicles (IC 9-20-4 and IC 9-30); the underground storage tank fee (IC 13-23); the solid waste management fee (IC 13-20-22); and any other tax or fee that the department is required to collect or administer.

SECTION 16. IC 7.1-3-17.5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) The commission may issue ~~an excursion and adjacent landsite~~ **a gaming site** permit to a person who has been issued:

- (1) a riverboat owner's license under IC 4-33-6; ~~or~~
- (2) an operating agent ~~(as defined in IC 4-33-2-14.5)~~ **contract under IC 4-33-6.5; or**
- (3) **a gambling game license under IC 4-35;**

to sell alcoholic beverages for on-premises consumption only. The permit may be a single permit even though more than one (1) area constitutes the licensed premises of the permit.

(b) A permit issued under this chapter may be used:

- (1) on the riverboat; and
- (2) in a restaurant owned by the person who has been issued a riverboat owner's license or an operating agent contract (as defined in IC 4-33-2-14.6) if the restaurant is located on property adjacent to the property used by the riverboat for docking purposes.

SECTION 17. IC 7.1-3-17.5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. The commission shall issue ~~an excursion and adjacent landsite~~ **a gaming site** permit without regard to the quota provisions of IC 7.1-3-22.

SECTION 18. IC 7.1-3-17.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. ~~An excursion adjacent landsite~~ **A gaming site** permit is not subject to the fee limitations otherwise set forth in IC 7.1.

SECTION 19. IC 7.1-3-17.5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. The commission may adopt emergency rules under IC 4-22-2-37.1 concerning the following for ~~an excursion and adjacent landsite~~ **a gaming site** permit:

- (1) Issuance.
- (2) Scope.

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- (3) Permit fee.
- (4) Expiration.
- (5) Revocation and suspension.

SECTION 20. IC 7.1-3-17.5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. The commission may adopt rules under IC 4-22-2 concerning the following for ~~an excursion permit and an adjacent landsite~~ **a gaming site** permit:

- (1) Issuance.
- (2) Scope.
- (3) Permit fee.
- (4) Expiration.
- (5) Revocation and suspension.

SECTION 21. IC 7.1-3-17.5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. Notwithstanding IC 7.1-5-5-7, the holder of ~~an excursion and adjacent landsite~~ **a gaming site** permit may, subject to the approval of the commission, provide alcoholic beverages to guests without charge at an event on the licensed premises if all the following requirements are met:

- (1) The event is attended by not more than six hundred fifty (650) guests.
- (2) The event is not more than six (6) hours in duration.
- (3) Each alcoholic beverage dispensed to a guest:
  - (A) is entered into a cash register that records and itemizes on the cash register tape each alcoholic beverage dispensed; and
  - (B) is entered into a cash register as a sale and at the same price that is charged to the general public.
- (4) At the conclusion of the event, all alcoholic beverages recorded on the cash register tape are paid by the holder of the ~~excursion and adjacent landsite~~ **gaming site** permit.
- (5) All records of the alcoholic beverage sales, including the cash register tape, shall be maintained by the holder of the ~~excursion and adjacent landsite~~ **gaming site** permit for not less than two (2) years.
- (6) The holder of the ~~excursion and adjacent landsite~~ **gaming site** permit complies with the rules of the commission.

SECTION 22. IC 7.1-3-17.7-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) **Except as provided in subsection (c)**, the commission may issue a horse track permit to a person who has been issued a recognized meeting permit under IC 4-31-5 to sell alcoholic beverages for on-premises consumption only. The permit may be a single permit even though more than one (1) area constitutes the licensed premises of the permit.

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(b) The commission may issue a satellite facility permit to a person who has been issued a satellite facility license under IC 4-31-5.5 to sell alcoholic beverages for on-premises consumption only.

**(c) This chapter does not apply to a slot machine facility licensed under IC 4-35.**

SECTION 23. IC 7.1-3-21-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) The provisions of sections 4, 5, 5.2, and 5.4 of this chapter concerning retail and dealer partnerships, corporations, limited partnerships, and limited liability companies shall not apply to the issuance of:

- (1) a dining car permit;
- (2) a boat permit;
- (3) a drug store permit;
- (4) a grocery store permit;
- (5) a hotel permit;
- (6) an airplane permit;
- (7) ~~an excursion and adjacent landsite~~ a gaming site permit;
- (8) a horse track permit;
- (9) a satellite facility permit; or
- (10) a retail permit to an establishment:
  - (A) that is sufficiently served by adequate law enforcement at its permit location; and
  - (B) whose annual gross food sales at the permit location:
    - (i) exceed one hundred thousand dollars (\$100,000); or
    - (ii) in the case of a new application and as proved by the applicant to the local board and the commission, will exceed two hundred thousand dollars (\$200,000) by the end of the two (2) year period from the date of the issuance of the permit.

(b) The commission shall not issue a permit listed in subsection (a) to a foreign:

- (1) corporation;
- (2) limited partnership; or
- (3) limited liability company;

that is not duly qualified to do business in Indiana.

SECTION 24. IC 7.1-5-5-7, AS AMENDED BY P.L.224-2005, SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) It is unlawful for a permittee in a sale or contract to sell alcoholic beverages to discriminate between purchasers by granting a price, discount, allowance, or service charge which is not available to all purchasers at the same time. However, this section does not authorize or require a permittee to sell to a person to whom the

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1 permittee is not authorized to sell under this title.

2 (b) A premises that operates at least two (2) restaurants that are  
3 separate and distinct from each other on the same premises may  
4 provide for a different schedule of prices in each restaurant if each  
5 restaurant conforms to all other laws and rules of the commission  
6 regarding pricing and price discrimination in its separate and distinct  
7 areas.

8 (c) This section does not apply to the holder of ~~an excursion and~~  
9 ~~adjacent landsite~~ **a gaming site** permit that complies with  
10 IC 7.1-3-17.5-6.

11 (d) Notwithstanding subsection (a), a beer wholesaler may offer a  
12 special discount price to a beer dealer or beer retailer for beer or  
13 flavored malt beverage, if the beer or flavored malt beverage:

14 (1) is a brand or package the beer wholesaler has discontinued; or

15 (2) will expire in not more than:

16 (A) twenty (20) days for packaged beer or packaged flavored  
17 malt beverage; and

18 (B) ten (10) days for draft beer or draft flavored malt beverage.

19 (e) The special discount under subsection (d) only applies to beer or  
20 flavored malt beverage that will expire and be subject to removal from  
21 retailer or dealer shelves in accordance with the primary source of  
22 supply's coding data clearly identified on the container.

23 (f) Any beer or flavored malt beverage sold at a special discount  
24 price under subsection (d) shall be accompanied by an invoice clearly  
25 designating, in addition to all other information required by law, all the  
26 following information:

27 (1) The date of delivery.

28 (2) The expiration date of each brand, package type, and quantity  
29 delivered.

30 (3) The per unit price for each package.

31 SECTION 25. IC 35-45-5-7, AS AMENDED BY P.L.91-2006,  
32 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
33 UPON PASSAGE]: Sec. 7. This chapter does not apply to the  
34 publication or broadcast of an advertisement, a list of prizes, or other  
35 information concerning:

36 (1) pari-mutuel wagering on horse races or a lottery authorized by  
37 the law of any state; ~~or~~

38 (2) a game of chance operated in accordance with IC 4-32.2; **or**

39 **(3) a gambling game operated in accordance with IC 4-35.**

40 SECTION 26. IC 35-45-5-11 IS ADDED TO THE INDIANA  
41 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
42 [EFFECTIVE UPON PASSAGE]: **Sec. 11. This chapter does not**

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1 apply to a gambling game authorized by IC 4-35.

2 SECTION 27. [EFFECTIVE UPON PASSAGE] (a) If the Indiana  
3 gaming commission determines that a permit holder (as defined in  
4 IC 4-35-2-7, as added by this act) has met the requirements of this  
5 act, the Indiana gaming commission shall adopt a resolution  
6 authorizing the permit holder to conduct gambling games under  
7 IC 4-35, as added by this act. The Indiana gaming commission may  
8 exercise any power necessary to implement this act under a  
9 resolution authorized under this SECTION.

10 (b) Subject to subsection (c), the Indiana gaming commission  
11 shall authorize a permit holder to conduct gambling games in a  
12 temporary facility upon the Indiana gaming commission's approval  
13 of the permit holder's plans for a permanent facility. Gambling  
14 games may be conducted in a temporary facility under this  
15 SECTION for not more than twenty-four (24) months.

16 (c) The Indiana gaming commission may not approve gambling  
17 games in a temporary facility under this SECTION unless the  
18 temporary facility is located at a permit holder's race track or on  
19 real estate that is adjacent to the permit holder's race track.

20 (d) This SECTION expires January 1, 2010.

21 SECTION 28. An emergency is declared for this act.

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## COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Policy, to which was referred House Bill 1835, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning gaming and to make an appropriation.

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill do pass.

(Reference is to HB 1835 as introduced.)

VAN HAAFTEN, Chair

Committee Vote: yeas 9, nays 3.

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## COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1835, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 18, between lines 41 and 42, begin a new paragraph and insert:

**"Sec. 6. "Gaming agent" means an individual described in IC 4-33-4.5."**

Page 18, line 42, delete "6." and insert "7."

Page 19, line 2, delete "7." and insert "8."

Page 19, line 4, delete "8." and insert "9."

Page 19, line 6, delete "9." and insert "10."

Page 19, line 35, delete "Adopt appropriate standards for" and insert **"Approve"**.

Page 20, between lines 7 and 8, begin a new paragraph and insert:

**"Sec. 4. The commission shall be present through the commission's gaming agents during the time gambling games are being conducted at a racetrack to do the following:**

**(1) Certify the revenue received by a racetrack from gambling games.**

**(2) Receive complaints from the public concerning the operation of gambling games.**

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**(3) Conduct other investigations into the conduct of the gambling games and the maintenance of the equipment that the commission considers necessary and proper.**

**Sec. 5. The commission shall employ gaming agents to perform duties imposed by this article. A licensee shall, under rules adopted by the commission under IC 4-22-2, reimburse the commission for:**

- (1) training expenses incurred to train gaming agents;**
- (2) salaries and other expenses of staff required to support the gaming agents; and**
- (3) salaries and other expenses of the gaming agents required to be present during the time gambling games are being conducted at a racetrack."**

Page 20, line 8, delete "4." and insert "6."

Page 27, line 5, delete "twenty percent (20%)" and insert **"five percent (5%)"**.

Page 27, line 9, delete "twenty percent (20%)" and insert **"five percent (5%)"**.

Page 27, between lines 11 and 12, begin a new line block indented and insert:

**"(3) An amount equal to fifteen percent (15%) of the tax revenue remitted under this chapter in the previous month to the local revenue sharing fund established under section 9 of this chapter."**

Page 27, line 12, delete "(3)" and insert "(4)".

Page 28, between lines 14 and 15, begin a new paragraph and insert:

**"Sec. 9. (a) The local revenue sharing fund is established. The revenue sharing fund shall be administered by the treasurer of state. Money in the local revenue sharing fund does not revert to the state general fund at the end of a state fiscal year.**

**(b) Money transferred to the local revenue sharing fund under section 5 of this chapter must be distributed to cities, counties, and towns in the same manner as the revenue sharing provided for under IC 4-33-13-5(e).**

**(c) Money received under this section may be used in the same manner as money received under IC 4-33-13-5(e).**

**(d) Money in the local revenue sharing fund is appropriated continuously for the purposes of this section."**

Page 30, between lines 41 and 42, begin a new paragraph and insert:

**"Chapter 11. Minority and Women's Business Participation**

**Sec. 1. This chapter applies to persons holding a permit to operate a racetrack under IC 4-31-5 at which slot machines are licensed under this article.**

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**Sec. 2. The general assembly declares that it is essential for minority and women's business enterprises to have the opportunity for full participation in the racetrack industry if minority and women's business enterprises are to obtain social and economic parity and if the economies of the cities, towns, and counties in which slot machines are operated at racetracks are to be stimulated as contemplated by this article.**

**Sec. 3. As used in this chapter, "minority" means a person who is one (1) of the following:**

- (1) Black.**
- (2) Hispanic.**
- (3) Asian American.**
- (4) Native American or Alaskan native.**

**Sec. 4. As used in this chapter, "minority business enterprise" means a business that is one (1) of the following:**

- (1) A sole proprietorship owned and controlled by a minority.**
- (2) A partnership or joint venture owned and controlled by minorities and in which:**
  - (A) at least fifty-one percent (51%) of the ownership interest is held by at least one (1) minority; and**
  - (B) the management and daily business operations are controlled by at least one (1) minority who also holds an ownership interest.**
- (3) A corporation or other entity in which:**
  - (A) at least fifty-one percent (51%) of:**
    - (i) the ownership interest; or**
    - (ii) the stock, if stock is issued;**
  - is held by at least one (1) minority; and**
  - (B) the management and daily business operations are controlled by at least one (1) minority who also holds an ownership interest or stock.**

**Sec. 5. As used in this chapter, "women's business enterprise" means a business that is one (1) of the following:**

- (1) A sole proprietorship owned and controlled by a woman.**
- (2) A partnership or joint venture owned and controlled by women and in which:**
  - (A) at least fifty-one percent (51%) of the ownership interest is held by at least one (1) woman; and**
  - (B) the management and daily business operations are controlled by at least one (1) woman who also holds an ownership interest.**
- (3) A corporation or other entity in which:**

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- (A) at least fifty-one percent (51%) of:
- (i) the ownership interest; or
  - (ii) the stock, if stock is issued;
- is held by at least one (1) woman; and
- (B) the management and daily business operations are controlled by at least one (1) woman who also holds an ownership interest or stock.

**Sec. 6. (a)** As used in this section, "goods and services" does not include the following:

- (1) Utilities and taxes.
- (2) Financing costs, mortgages, loans, or other debt.
- (3) Medical insurance.
- (4) Fees and payments to a parent or an affiliated company of a permit holder or other fees and payments for goods and services supplied by nonaffiliated persons through an affiliated company for the use or benefit of the permit holder.
- (5) Rents paid for real property or payments constituting the price of an interest in real property as a result of a real estate transaction.

(b) Notwithstanding any law or rule to the contrary, a permit holder shall establish goals of expending at least:

- (1) fifteen percent (15%) of the dollar value of the permit holder's contracts for goods and services with minority business enterprises; and
- (2) seven and one-half percent (7.5%) of the dollar value of the permit holder's contracts for goods and services with women's business enterprises.

(c) A permit holder shall submit quarterly reports to the commission that outline the total dollar value of contracts awarded for goods and services and the percentage of contracts awarded to minority and women's business enterprises.

(d) A permit holder shall make a good faith effort to meet the requirements of this section and shall quarterly, unless otherwise directed by the commission, demonstrate to the commission at a public meeting that an effort was made to meet the requirements.

(e) A permit holder may fulfill not more than seventy percent (70%) of an obligation under this chapter by requiring a vendor to set aside a part of a contract for minority or women's business enterprises. Upon request, the permit holder shall provide the commission with proof of the amount of the set aside.

**Sec. 7.** If the commission determines that the provisions of this chapter relating to expenditures and assignments to minority and

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women's business enterprises have not been met, the commission may suspend, limit, or revoke the person's license or permit, or may fine or impose appropriate conditions on the license or permit to ensure that the goals for expenditures and assignments to minority and women's business enterprises are met. However, if a determination is made that a permit holder has failed to demonstrate compliance with this chapter, the person has ninety (90) days from the date of the determination of noncompliance to comply.

**Sec. 8.** The commission shall establish and administer a unified certification procedure for minority and women's business enterprises that do business with permit holders on contracts for goods and services or contracts for business.

**Sec. 9.** The commission shall supply permit holders with a list of minority and women's business enterprises the commission has certified under section 8 of this chapter. The commission shall review the list at least annually to determine the minority and women's business enterprises that should continue to be certified. The commission shall establish procedures for challenging the designation of a certified minority and women's business enterprise. The procedure must include proper notice and a hearing for all concerned parties.

**Sec. 10.** The commission shall adopt other rules necessary to interpret and implement this chapter."

Page 31, between lines 30 and 31, begin a new paragraph and insert:

"SECTION 16. IC 7.1-3-17.5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) The commission may issue ~~an excursion and adjacent landsite~~ **a gaming site** permit to a person who has been issued:

- (1) a riverboat owner's license under IC 4-33-6; ~~or~~
- (2) an operating agent ~~(as defined in IC 4-33-2-14.5)~~ **contract under IC 4-33-6.5; or**
- (3) **a gambling game license under IC 4-35;**

to sell alcoholic beverages for on-premises consumption only. The permit may be a single permit even though more than one (1) area constitutes the licensed premises of the permit.

(b) A permit issued under this chapter may be used:

- (1) on the riverboat; and
- (2) in a restaurant owned by the person who has been issued a riverboat owner's license or an operating agent contract (as defined in IC 4-33-2-14.6) if the restaurant is located on property adjacent to the property used by the riverboat for docking

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purposes.

SECTION 17. IC 7.1-3-17.5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. The commission shall issue ~~an excursion and adjacent landsite~~ **a gaming site** permit without regard to the quota provisions of IC 7.1-3-22.

SECTION 18. IC 7.1-3-17.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 3. ~~An excursion adjacent landsite~~ **A gaming site** permit is not subject to the fee limitations otherwise set forth in IC 7.1.

SECTION 19. IC 7.1-3-17.5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. The commission may adopt emergency rules under IC 4-22-2-37.1 concerning the following for ~~an excursion and adjacent landsite~~ **a gaming site** permit:

- (1) Issuance.
- (2) Scope.
- (3) Permit fee.
- (4) Expiration.
- (5) Revocation and suspension.

SECTION 20. IC 7.1-3-17.5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. The commission may adopt rules under IC 4-22-2 concerning the following for ~~an excursion permit and an adjacent landsite~~ **a gaming site** permit:

- (1) Issuance.
- (2) Scope.
- (3) Permit fee.
- (4) Expiration.
- (5) Revocation and suspension.

SECTION 21. IC 7.1-3-17.5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. Notwithstanding IC 7.1-5-5-7, the holder of ~~an excursion and adjacent landsite~~ **a gaming site** permit may, subject to the approval of the commission, provide alcoholic beverages to guests without charge at an event on the licensed premises if all the following requirements are met:

- (1) The event is attended by not more than six hundred fifty (650) guests.
- (2) The event is not more than six (6) hours in duration.
- (3) Each alcoholic beverage dispensed to a guest:
  - (A) is entered into a cash register that records and itemizes on the cash register tape each alcoholic beverage dispensed; and
  - (B) is entered into a cash register as a sale and at the same price that is charged to the general public.
- (4) At the conclusion of the event, all alcoholic beverages

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recorded on the cash register tape are paid by the holder of the ~~excursion and adjacent landsite gaming site~~ permit.

(5) All records of the alcoholic beverage sales, including the cash register tape, shall be maintained by the holder of the ~~excursion and adjacent landsite gaming site~~ permit for not less than two (2) years.

(6) The holder of the ~~excursion and adjacent landsite gaming site~~ permit complies with the rules of the commission.

SECTION 22. IC 7.1-3-17.7-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) **Except as provided in subsection (c),** the commission may issue a horse track permit to a person who has been issued a recognized meeting permit under IC 4-31-5 to sell alcoholic beverages for on-premises consumption only. The permit may be a single permit even though more than one (1) area constitutes the licensed premises of the permit.

(b) The commission may issue a satellite facility permit to a person who has been issued a satellite facility license under IC 4-31-5.5 to sell alcoholic beverages for on-premises consumption only.

**(c) This chapter does not apply to a slot machine facility licensed under IC 4-35.**

SECTION 23. IC 7.1-3-21-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) The provisions of sections 4, 5, 5.2, and 5.4 of this chapter concerning retail and dealer partnerships, corporations, limited partnerships, and limited liability companies shall not apply to the issuance of:

- (1) a dining car permit;
- (2) **a** boat permit;
- (3) **a** drug store permit;
- (4) **a** grocery store permit;
- (5) **a** hotel permit;
- (6) **an** airplane permit;
- (7) ~~an excursion and adjacent landsite~~ **a gaming site** permit;
- (8) a horse track permit;
- (9) a satellite facility permit; or
- (10) a retail permit to an establishment:
  - (A) that is sufficiently served by adequate law enforcement at its permit location; and
  - (B) whose annual gross food sales at the permit location:
    - (i) exceed one hundred thousand dollars (\$100,000); or
    - (ii) in the case of a new application and as proved by the applicant to the local board and the commission, will exceed two hundred thousand dollars (\$200,000) by the end of the

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two (2) year period from the date of the issuance of the permit.

(b) The commission shall not issue a permit listed in subsection (a) to a foreign:

- (1) corporation;
- (2) limited partnership; or
- (3) limited liability company;

that is not duly qualified to do business in Indiana.

SECTION 24. IC 7.1-5-5-7, AS AMENDED BY P.L.224-2005, SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. (a) It is unlawful for a permittee in a sale or contract to sell alcoholic beverages to discriminate between purchasers by granting a price, discount, allowance, or service charge which is not available to all purchasers at the same time. However, this section does not authorize or require a permittee to sell to a person to whom the permittee is not authorized to sell under this title.

(b) A premises that operates at least two (2) restaurants that are separate and distinct from each other on the same premises may provide for a different schedule of prices in each restaurant if each restaurant conforms to all other laws and rules of the commission regarding pricing and price discrimination in its separate and distinct areas.

(c) This section does not apply to the holder of ~~an excursion and adjacent landsite~~ **a gaming site** permit that complies with IC 7.1-3-17.5-6.

(d) Notwithstanding subsection (a), a beer wholesaler may offer a special discount price to a beer dealer or beer retailer for beer or flavored malt beverage, if the beer or flavored malt beverage:

- (1) is a brand or package the beer wholesaler has discontinued; or
- (2) will expire in not more than:
  - (A) twenty (20) days for packaged beer or packaged flavored malt beverage; and
  - (B) ten (10) days for draft beer or draft flavored malt beverage.

(e) The special discount under subsection (d) only applies to beer or flavored malt beverage that will expire and be subject to removal from retailer or dealer shelves in accordance with the primary source of supply's coding data clearly identified on the container.

(f) Any beer or flavored malt beverage sold at a special discount price under subsection (d) shall be accompanied by an invoice clearly designating, in addition to all other information required by law, all the following information:

- (1) The date of delivery.

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(2) The expiration date of each brand, package type, and quantity delivered.

(3) The per unit price for each package."

Page 32, line 15, delete "eighteen (18) months." and insert **"twenty-four (24) months."**

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1835 as printed February 16, 2007.)

CRAWFORD, Chair

Committee Vote: yeas 14, nays 8.

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